



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/25/2003

GAIN Report Number: JA3050

Japan

Market Development Reports

Sales of Supermarket Private Label Produce Grow 20% and Gain 20-30% Premium

2003

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Report Highlights:

Increased consumer concerns about food safety have led supermarkets to develop private label brands for produce. Annual sales growth of private label produce has been approximately 20% for the last 3-4 years. Produce carrying the private label commands a 20-30% premium. While the programs differ slightly between supermarkets, key components include farmer identification, and varying levels of process verification.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo [JA1]
[JA]

While sales in the overall food market have been relatively flat, private label brands have grown at an annual rate of approximately 20% for the last 3-4 years, according to Post intelligence. Produce carrying the private label commands a 20-30% premium. As concerns about food safety have expanded, consumers have increasingly been looking to supermarkets to insure the safety of food products. In response to consumer concerns over food safety, all Japanese supermarkets have extended their private label branding to fresh produce.

While the programs differ slightly between supermarkets, key components include farmer identification, and varying levels of process verification. Most programs are based on Ministry of Agriculture, Forestry and Fisheries guidelines, making foreign participation difficult. Nevertheless, some U.S. producers are taking advantage of these opportunities, including through organic certification and other types of process verification. Post is investigating ways to expand access to this market for U.S. producers.

The Ito Yokado chain has been marketing its private brand called "Vegetables where we can see the farmer's face" since May 2002. Yokado standards were reviewed last year when Chinese pesticide residue violations became headline news in Japan, according to the company's produce buyer. Yokado verifies field production, methods of production, agricultural chemical and fertilizer usage, nutritional value, pesticide residues, and record keeping. Yokado's produce buyer says, "It would take you into a price war if you just sell ordinary products. Therefore, the key to stay in this business is to create a high quality private brand products and sell them."

Aeon Corporation has increased promotion of its private brand products called "Top Value – Green Eye". Aeon not only promotes its verification scheme, but also promotes that its products are environmentally friendly. Mr. Okada, President of Aeon was reported to have said that it was important to develop brands that consumers can rely on.

Seiyu launched its private brand, "Happiness in Foods" in April 2003. Seiyu's standards focus on quality management from production through sales. Tokyu Stores market private brand products called "Healthy Vegetables & Fruit". Tokyu promotes its private brand as products produced under strict standards by contracted farmers.

Japanese traders commented that Japanese supermarkets developed their own private brands, but question whether production capacity under supermarkets strict standards can meet consumer demand.